

Update on Pension Fund Activity

Report by the Compliance Manager

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1. Purpose of the Report

1.1 To provide the Board with an update on the following:

- 2019/20 business plan;
- Risk Management; and
- Scorecard.

2. Recommendations

2.1 That the Board notes:

- progress against the 2019/20 business plan;
- the current risks within the risk register with a residual score of six or above; and
- the latest scorecard measures.

3. Background

3.1 The following documents accompany this report:

- an update on the 2019/20 business plan at Annex A;
- risks from the Risk Register with a residual score of six or above are detailed at Annex B; and
- the full scorecard is attached at Annex C.

4. Related matters subject to separate agenda items

4.1 Matters subject to separate agenda items include:

- Actuarial Valuation (PSB 03);
- PAB Review (PSB 06);
- Quarterly report from Investment Steering Committee (PSB 10);
- Pooling update (PSB 16).

5. Business Plan 2019/20

5.1 Of the 12 objectives for 2019/20:

- 1 (8%) not started;
- 11 (92%) in progress; and
- 0 (0%) have been completed.

6. Risk Register

6.1 As at end June 2019, there were 46 risks in the Fund's risk register of which 21 had a residual score of six or more (amber), and 1 had a residual score of 12 (red) and are shown at Annex B.

6.2 The red risk has been flagged due to the outcome of the McCloud case and the impact this may have on the administration within the Fund.

7. Scorecard

7.1 The scorecard is shown at Annex C.

- 7.2 Measure 1.2.1 has declined since the last quarter showing PSB training achieving 83% against a target of 90%. However, the training strategy is currently being reviewed by the Independent Governance & Administration Advisor (IGAA).
- 7.3 Measure 1.4.4 is still shown as red due to the vacancies within the PAB between 1 April and 30 June 2019. PSB paper 06 within this pack provides the outcome of the recruitment to fill the vacancies.
- 7.4 Measure 1.5.4 has declined since the last quarter showing 2% of Fund risks having a residual score of red and is detailed at Annex B of this report.

8. Review of Business Plan

- 8.1 Fund Officers and the IGAA are in the process of reviewing the Business Plan. A Business Planning event was held on 10 September 2019 with Officers and Advisors to start populating the new Business Plan template that was approved by the PSB at their March 2019 meeting.
- 8.2 A further update on progress will be reported at the next PSB meeting.

9. Review of Scorecard

- 9.1 Fund Officers are working with the IGAA to build a new scorecard. Meetings continue throughout the next quarter to continue the creation of revised targets and measures.

10. Link to Essex Pension Fund Objectives

- 10.1 Monitoring Pension Fund activity via the business plan, risks and scorecard assists the Fund in achieving all of its objectives, and in particular:
- Provide a high-quality service whilst maintaining value for money;
 - Understand and monitor risk and compliance;
 - Continually measure and monitor success against our objectives.

11. Risk Implications

- 11.1 Key risks are identified at Annex B.

12. Communication Implications

- 12.1 Other than ongoing reporting to the Board, there are no communications implications.

13. Finance and Resources Implications

- 13.1 The business plan for 2019/20 is under review by the Fund in consultation with the IGAA.

14. Background Papers

- 14.1 PSB 05, 6 March 2019 PSB Agenda Pack.